



NOTES FROM THE:

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Cost Per Flying Hour (CPFH) Factors Air Force Cost Analysis Improvement Group (AFCAIG). The CPFH program estimate was improved this year by integrating system program offices into the process from the beginning. This helped to accurately project CPFH increases and savings due to weapon system modifications during the FYDP. Also, by starting during the POM timeframe vice the BES, we were able to get a thorough review by AF/XP action officers who looked at the estimates relative to all resource needs and programmatic changes for these aircraft. Due to recent budget changes adding O&M dollars to the baseline flying program, the bill to pay based on the proposed program amounted to \$68M over the FYDP.

Air Force Defense Program Projection (DPP) Review. In response to OSD, AF/XP prepares a comprehensive database containing funding and quantity information outlining the Air Force's modernization plans from FY00-17. The purpose of this database is to illuminate the long-term consequences of current policy and acquisition decisions. Therefore, the DPP is a visible link between programming, mapped within the PPBS, and long-range planning. The numbers comprising the DPP come from program office estimates fed through the MAJCOMs to AF/XP. For the first time, AF/XP requested SAF/FMC and Air Force Cost Analysis Agency (AFCAA) assistance to sufficiency review all major programs exceeding \$500M in life cycle cost. Therefore, we request program offices maintain full cost documentation for all planning estimates submitted to MAJCOMs in support of their planning activities. As part of our review, we will be contacting program offices starting in the April-May 99 timeframe to assess estimate sufficiency.

Housing Privatization. The Air Force continues to accelerate its military housing privatization initiative (MHPI). These privatization projects require extensive financial analysis and offer the FM community a unique chance to directly affect the quality of life of its members. These projects are also attracting a high level of visibility within the Air Force and OSD. Congress has approved a list

of MFH privatization projects with firm deadlines for meeting various milestones. Consequently, SAF/FM has directed the MAJCOM and base FMs to become more involved in these programs. Unfortunately, many MAJCOMs and bases are still not becoming fully engaged in these projects. We encourage the FM community to team up with the CE community in order to ensure a quality project from a business and financial perspective. SAF/FMCE can support you with these efforts as available time and resources permit.

8th Annual Economic Analysis (EA) Conference. The 8th Annual Worldwide Air Force EA Conference took place at Nellis AFB 2-4 March 1999. The agenda included presentations on A-76 independent reviews, support for housing and utilities privatization projects, feedback on the Air Force EA program, Activity-Based Costing, Air Force cost reduction efforts, and many other cost and EA issues. Attendees included base, command headquarters, and SAF/FMCE personnel.

Non-Appropriated Funds (NAF) Oversight. SAF/FMCEB, in concert with the Air Force Services Agency, is conducting specialized training workshops for nonappropriated fund financial analysts (NAFFAs). The FY99 MAJCOM NAFFA and Installation NAFFA workshops will also include Services' Resource Management Flight Chiefs (RMFCs). The three-day workshops will consist of current issue updates, upcoming policy changes, training in specific areas of responsibility, and opportunities for crossfeed. The MAJCOM NAFFA/RMFC workshop will be held first, and we will finalize agenda items for Installation workshops at that time. The first installation workshop started in March 1999 and will run consecutively each month through July 1999.

The AFCAA will conduct an audit of FM's NAF oversight at several installations in late Spring 1999. This audit will help us identify any areas where actions need to be taken to improve FM's financial oversight.